

April 18, 2007

Ms. Angela Giancarlo
Legal Advisor to Commissioner Robert M. McDowell
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

Re: WT Docket No. 06-150 (service Rules for the 700 MHz Commercial Bands)

Dear Ms. Giancarlo:

This *ex parte* letter is submitted on behalf of members of the National Telecommunications Cooperative Association (NTCA) who are interested in the upcoming 700MHz spectrum auction.

NTCA is a national association of approximately 560 local exchange carriers in 44 states that provide service primarily in rural areas. Approximately 300 of NTCA's member companies offer some type of wireless service. All NTCA members are small carriers that are "rural telephone companies" as defined in the Telecommunications Act of 1996 ("Act"). While some offer local exchange service to as few as 44 lines and a small handful to 50,000 or more, nearly 50% of NTCA members serve between 1,000 and 5,000 lines. Population density in most member service areas is in the 1 to 5 customers per square mile range. Approximately half of NTCA's members are organized as cooperatives and the other half are commercial companies. NTCA's members are very much interested in the 700 MHz spectrum, believing that it could be an excellent opportunity for rural companies and their subscribers if it is auctioned in a manner that facilitates small company acquisition of the spectrum.

As you are well aware, the 700 MHz spectrum is particularly well-suited for rural applications. Its propagation characteristics enable providers to cover vast distances with minimal tower construction. Given an opportunity and sufficient spectrum, a majority of rural carriers expect to use the band to provide rural consumers with a wireless broadband product.

The last 700 MHz spectrum auction was a small carrier success story. The spectrum was auctioned according to Cellular Market Areas (CMAs) and 45 NTCA members participated in the auction. Of those NTCA members who participated, 38 were successful in their efforts and several are now using the spectrum to provide innovative

service in rural areas.¹ However, many more members do not have 700 MHz spectrum and those who do have spectrum report that they need more.

NTCA is one of 21 interested parties reflecting a broad cross section of industry representatives who supported the "Balanced Consensus Plan" for the spectrum. If adopted, NTCA believes that the Balanced Consensus Plan would offer opportunity for a wide array of entities to participate and be successful in the 700 MHz spectrum auction. However, recent reports regarding the proposed 700 MHz band plan are troublesome. If the reports are accurate, only one paired lower band frequency block has been designated for licensing in a geographic area smaller than a Regional Economic Area Grouping (REAG).²

NTCA's small telecommunications companies have no opportunity to bid on spectrum that is licensed in geographic areas that are larger than Cellular Market Areas (CMAs). The competition is too stiff and the prices too high for EAs or REAGs to be meaningful opportunities.

NTCA urges the Commission to take another look at the Balanced Consensus Plan and do the following:

- License the B frequency block in the lower band according to CMAs, and another paired frequency block in the lower band on an EA basis.
- Subdivide the 20 MHz frequency block in the upper band into two 10 MHz paired frequency blocks and make one available according to CMAs.

¹ A list of NTCA members who participated in the lower 700 MHz auction is attached, as is a list of those who were successful in obtaining spectrum.

² Although the proposed plan apparently includes a frequency block to be assigned on an Economic Area (EA) basis, this frequency block would be an unpaired lower band frequency block which is not of primary interest to the proponents of the Balanced Consensus Plan.

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The recent successful AWS auction shows that carriers who seek licenses serving larger areas or containing greater bandwidth may aggregate licenses. Carriers will be permitted to bid on contiguous spectrum in contiguous areas. This band plan provides ample opportunity for larger carriers to obtain spectrum, while also preserving the possibility that small carriers seeking to serve rural areas will be successful in obtaining spectrum.³

Sincerely,

/s/ Jill Canfield
Jill Canfield
Sr. Regulatory Counsel
Legal and Industry

JC:rhb
Attachment

cc: Angela Giancarlo

³ NTCA notes that the Commission has a statutory obligation under Section 309(j) of the Communications Act to provide meaningful opportunity for rural telephone companies to participate in the provision of spectrum based services.